

Message Text

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FM AMEMBASSY QUITO

TO SECSTATE WASHDC 6863

INFO AMEMBASSY BOGOTA

AMEMBASSY LIMA

AMCONSUL GUAYAQUIL

USCINCSOUTH QH CZ

C O N F I D E N T I A L SECTION 1 OF 3 QUITO 6217

E.O. 11652: GDS

TAGS: PINT, PFOR, PDEV, EC

SUBJ: THE GOE MOVES RIGHT TOWARD THE CENTER AS PRESIDENT RODRIGUEZ

LARA SEEKS TO REASSURE THE PUBLIC SECTOR AND TO DISPEL

DOUBTS ABOUT TENDENCIES OF MILITARY

REF: A. QUITO 5462; B. QUITO 5330; C. QUITO 5675; D. QUITO 6008

E. QUITO 5812; F. QUITO 6002; G. QUITO 6186

1. SUMMARY: AFTER THREE YEARS OF LIP SERVICE TO REVOLUTIONARY GOALS, HALF-HEARTED MEASURES DIRECTED TOWARD INTERNAL REFORMS, AND ADHERENCE TO A STRONGLY NATIONALISTIC LINE IN FOREIGN AFFAIRS, THE RODRIGUEZ MILITARY GOVERNMENT -- FOLLOWING A SETBACK IN THE ECONOMY, LISTENING TO COMPLAINTS FROM THE COMMERCIAL AND INDUSTRIAL SECTORS, AND HEEDING CRITICISMS FROM THE PRESS AND DISCREDITED POLITICAL PARTIES -- SEEMS FOR THE TIME-BEING TO BE SWINGING RIGHT TO THE CENTER OF THE POLITICAL AND ECONOMIC SPECTRUM.

A. THE SHIFT WAS MANIFESTED IN THE GOVERNMENT'S COMMITMENT TO OFFERING NEW INCENTIVES FOR PETROLEUM EXPLORATION, LOWERING THE COST OF OIL TO GULF-TEXACO, AND THE APPOINTMENT OF A NEW DIRECTOR OF PLANNING AND A NEW MINISTER OF

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INDUSTRY AND COMMERCE. THE SHIFT IS ALSO SEEN IN A

SERIES OF SPEECHES DELIVERED BY PRESIDENT RODRIGUEZ IN WHICH HE DENIED THE INTENT OF THE ECUADOREAN MILITARY TO CREATE A MILITARY STATE OR TO PERPETUATE ITSELF AS A RULING GROUP, AND SAID THAT THE MILITARY HAD ASSUMED POWER TO CREATE THE NECESSARY FOUNDATIONS OF DEMOCRACY.

B. THE SHIFT RIGHT TOWARD THE CENTER SHOULD LEAD TO MORE LIBERAL TREATMENT OF ECUADOR'S PRIVATE SECTOR AND FOREIGN PRIVATE INVESTMENT. THE GOE HAS ALREADY REPUDIATED SOME OF ITS HARSHER POLICIES TOWARDS FOREIGN OIL EXPLORATION COMPANIES AND THE GOE'S ATTITUDE BODES WELL, OR AT LEAST BETTER, FOR TEXACO-GULF AND OTHER ACTUAL OR PROSPECTIVE FOREIGN INVESTORS.

C. THE RECENT GOE PRONOUNCEMENTS AND ACTIONS SHOULD NOT BE INTERPRETED AS A WEAKENING OF THE MILITARY GOVERNMENT NOR AS SUGGESTING THAT THERE ARE CIVILIAN ELEMENTS WITHIN THE POLITY THAT CONSTITUTE A THREAT TO THE MILITARY'S CONTINUING RULE. NEITHER SHOULD THE MEASURES BE REGARDED AS CERTAIN EVIDENCE THAT THE ECUADOREAN MILITARY IS FIRMLY SET ON A COURSE TO RESTORE DEMOCRATIC GOVERNMENT.

D. THE DOMESTIC ADJUSTMENTS DO NOT AS OF NOW APPEAR TO SIGNAL ANY IMMEDIATE CHANGE IN FOREIGN POLICY ISSUES OF KEY INTEREST TO THE US, BUT MAY PERMIT GREATER DISCUSSION AND FLEXIBILITY WITHIN THE GOE AS POLICY MAKERS CONSIDER ECUADOR'S STAND ON THE 200 MILE TERRITORIAL SEA, MEMBERSHIP IN OPEC, AND IDENTIFICATION WITH EXTREME THIRD WORLD POSITIONS AS THEY RELATE TO THE "NEW ECONOMIC ORDER."

END SUMMARY

2. MILITARY GOVERNMENT CONTINUES FIRMLY IN THE SADDLE DESPITE SOME DISCONTENT. THERE ARE NO PRIVATE GROUPS WITHIN ECUADOR CONSIDERED CAPABLE OF BRINGING ABOUT ALONE THE FALL IN THE IMMEDIATE FUTURE OF THE ECUADOREAN MILITARY GOVERNMENT HEADED BY GENERAL RODRIGUEZ. BUSINESSMEN AND INDUSTRIALISTS DURING THE PAST WEEKS HAVE VOICED WORRIES ABOUT THE STATE OF THE ECONOMY, HOWEVER, AND THE NUMBER AND STRIDENCY IN TONE OF NEWSPAPER ARTICLES AND COLUMNS QUESTIONING THE DIRECTIONS TOWARD WHICH THE MILITARY GOVERNMENT MIGHT BE INCLINING HAVE GROWN. THERE ALSO HAS BEEN EVIDENCE OF A SLIGHT INCREASE IN POLITICAL ACTIVITY OF WHAT MIGHT LOOSELY BE TERMED "THE OPPOSITION."

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3. COMPLAINTS VOICE BY COMMERCIAL AND INDUSTRIAL SECTORS. THE BUSINESS SECTOR HAS BEEN DISTURBED BY RECENT REVERSES IN THE ECONOMIC SITUATION; MANIFESTED PRIMARILY IN LOWER FOREIGN EXCHANGE EARNINGS, A DEFICIT BALANCE OF PAYMENTS, REDUCED RESERVES, AND DECREASED FOREIGN INVESTMENT. AMONG THIS INFLUENTIAL GROUP OF KEY MEMBERS OF THE ECONOMIC AND BUSINESS COMMUNITY THERE HAVE BEEN PRIVATE

EXPRESSIONS OF CONCERN LEST ECUADOR FOLLOW IN THE PATHS OF CUBA OR PERU AND PUBLIC CRITICISMS OF SPECIFIC GOVERNMENT POLICIES. THE IMPORTANT ECUADOREAN NATIONAL FEDERATION OF CHAMBERS OF COMMERCE ISSUED A STATEMENT AT ITS ANNUAL MEETING HELD JULY 24-26 ASKING FOR CLARIFICATION OF THE GOE'S POLICY TOWARD BUSINESS, ITS RULES REGARDING FOREIGN INVESTMENT, AND PROPOSING PRIVATE SECTOR PARTICIPATION IN THOSE GOVERNMENT ORGANIZATIONS CONTROLLING THE INDUSTRIAL AND COMMERCIAL FIELDS. DISCONTENT FOCUSED ESPECIALLY ON THE GOE'S ADHERENCE TO AND INTERPRETATION OF DECISION 24 OF THE ANDEAN PACT, WHICH MANY LOCAL INDUSTRIALISTS CONSIDER CONTRARY TO THEIR OWN AND NATIONAL INTERESTS. LARGE NEWSPAPER ADS SIGNED BY INDUSTRIAL CHAMBERS AND ASSOCIATIONS ALSO HAVE PROTESTED THE GOVERNMENT'S AGREEMENT TO THE ALLOCATION OF INDUSTRIES AMONG ANDEAN PACT COUNTRIES, PARTICULARLY WITH REFERENCE TO THE DAMAGE IT WOULD CAUSE THE ACRYLIC TEXTILE INDUSTRY.

4. INCREASED CRITICISM OF MILITARY GOVERNMENT BY THE PRESS. AS IN THE PAST, ARTICLES CONTINUE TO APPEAR IN ECUADOR'S PRESS CRITICAL OF THE GOVERNMENT. THE INTENSITY OF THE CRITICISM MAY HAVE HEIGHTENED SOMEWHAT DESPITE AND AS A CONSEQUENCE OF THE GOVERNMENT'S ALLOWING FORMER FOREIGN MINISTER AND NEWSPAPER COLUMNIST JULIO PRADO TO SURFACE FROM HIDING AND THE RELEASE FROM DETENTION OF JULIO CESAR TRUJILLO, NATIONAL DIRECTOR OF THE CONSERVATIVE PARTY (SEE REF A). PRADO TOLD AN EMBASSY OFFICER THAT THE "OPPOSITION" INTENDED TO INCREASE ITS CRITICISM OF THE MILITARY GOVERNMENT. NUMEROUS EDITORIALS AND COLUMNISTS ATTACKED THE GOVERNMENT FOR BEING OVERLY SOLICITIOUS TOWARD PERU AFTER GENERAL ANIBAL MEZA CUADRAS, THE PERUVIAN ARMY CHIEF OF STAFF STATED AT THE ANNIVERSARY OF THE PERUVIAN MILITARY CAMPAIGN OF 1941 THAT

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ECUADOR HAD BEEN THE AGRESSOR IN THE HOSTILITIES THEN. SEVERAL EDITORIALS AND COLUMNS APPEARED CRITICISING AND QUESTIONING THE GOVERNMENT'S PURPOSE IN PERMITTING AGRICULTURAL MISSIONS TO VISIT CUBA AND RUMANIA.

5. WRITING ON POLITICAL ORGANIZATION, COLUMNIST EFRAIN PEREZ CASTRO PROPOSED IN UNIVERSO ON AUGUST 6 THAT POLITICAL PARTIES FORM A NEW POLITICAL-CIVIC MOVEMENT TO BUILD FOR THE FUTURE. TIEMPO'S "PICAPIEDRA" COMMENTARY ON AUGUST 8 CRITICIZED THE MILITARY GOVERNMENT FOR ITS FAILURE TO REFORM THE COUNTRY'S STRUCTURALLY, AND ASKED HOW LONG THE MILITARY INTENDED TO REMAIN IN POWER. AND ANOTHER TIEMPO COLUMN OF AUGUST 10 LAMENTED THE CONDITION OF ECUADOREAN PLITICAL PARTIES AND URGED THEIR REJUVENATION. COLUMNISTS CONTINUE ON THIS THEME.

6. WEAK AND DISCREDITED POLITICAL PARTIES SEEK
UNSUCCESSFULLY THEIR REJUVENATION. ALTHOUGH POLITICAL

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PARTIES ARE PROSCRIBED FROM PUBLIC RALLIES, THEY CONTINUE TO
EXIST AND HAVE NOT REFRAINED FROM OCCASIONAL PUBLIC
STATEMENTS. FOR EXAMPLE, THE FRENTE ALFARISTA'S
DIRECTOR GENERAL, ABDON CALDERON, PROPOSED ON FEBRUARY
19 THE ELECTION OF A NATIONAL ASSEMBLY. THE LIBERAL
PARTY DECLARED ON MAY 3 THAT THE DETENTION OF JULIO
CESAR TRUJILLO, A CONSERVATIVE PARTY LEADER, WAS THE
WORST OFFICIAL ACT POSSIBLE WITH RESPECT TO POLITICAL
PARTIES AND THE PROTECTION OF FREEDOM OF EXPRESSION IN
ECUADOR. RODRIGO SUAREZ, A CONSERVATIVE PARTY OFFICIAL,
RECOMMENDED ON JUNE 12 FOUR BASIC STEPS NECESSARY FOR A
RETURN TO CONSTITUTIONALITY. SOCIAL CHRISTIANS AND MINOR
PARTY LEADERS HAVE ALSO CHIMED IN. (ONLY THE COMMUNIST
PARTY HAS CONSISTENTLY SUPPORTED THE GOVERNMENT.)

7. THE PRONOUNCEMENTS AND STATEMENTS OF THE WEAK AND
DISCREDITED POLITICAL PARTIES HAVE BEEN LARGELY IGNORED
BY BOTH THE PUBLIC AND THE GOVERNMENT. HOWEVER, THE
VOCIFEROUS DISCONTENT OF THE INDUSTRIAL SECTOR AND THE

INTENSIFIED CRITICAL TONE OF NEWSPAPER EDITORIALISTS AND
COLUMNISTS MAY HAVE MADE THE GOVERNMENT AND THE PUBLIC MORE
SENSITIVE TO POLITICAL PARTY ACTIONS THAT THEY WOULD HAVE
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PREVIOUSLY DISREGARDED.

8. THE ANNOUNCEMENT OF OCTOGENARIAN, FIVE-TIMES PRESIDENT
OF ECUADOR VELASCO IBARRA, REPORTED FROM ARGENTINA ON
AUGUST 1, THAT HE WAS PREPARED TO RETURN WHEN CALLED
BY RESPECTABLE SECTORS OF THE POPULAR CLASSES, PROVOKED
SPECULATION. NEWSPAPER COMMENT WAS OFTEN SATIRICAL
AND CRITICAL, BUT THERE WAS ALSO A LETTER PUBLISHED BY
LIC. ALFONSO ARROYO ROBILLY, THE NATIONAL DIRECTOR OF
VELASQUISMO, SOLICITING THE GOVERNMENT TO PERMIT VELASCO
IBARRA'S RETURN AND ASKING (AS A CALL TO SUPPORT HIS
RETURN) THAT ALL VELASQUISTAS FULFILL THEIR CIVIC DUTIES.

9. THE CONSERVATIVE AND OTHER TRADITIONAL PARTIES REMINDED
THE NATION OF THEIR CONTINUED EXISTENCE IN THE AUGUST 6
PROCESSION IN CONNECTION WITH THE TRANSFER OF THE REMAINS
OF THE CONSERVATIVE PARTY GREAT GABRIEL GARCIA MORENO
TO THE NATIONAL CATHEDRAL ON THE 100TH ANNIVERSARY OF HIS
DEATH. ALTHOUGH PRESIDENT RODRIGUEZ LARA AND OTHER GOVERN-
MENT OFFICIALS PARTICIPATED IN THE CEREMONY, THE CONSERVATIVE
PARTY TOOK ADVANTAGE OF THE OCCASION TO DEMONSTRATE THAT
IT WAS ALIVE ALTHOUGH NOT KICKING.

10. THE RODRIGUEZ GOVERNMENT RESPONDS. PRESIDENT RODRIGUEZ
MILITAR GOVERNMENT TOOK SEVERAL MEASURES, THE EFFECT OF
WHICH, AND POSSIBLY THE PURPOSE, WAS TO CALM THE BUSINESS
SECTOR AND TO REASSURE POLITICAL CRITICS. THE GOE RESPONSE
INCLUDED SPECIFIC ACTS AND PERSONNEL CHANGES IN THE ECONOMIC
FIELD AS WELL AS A SERIES OF SPEECHES AIMED AT THE PRESS
AND POLITICAL PARTIES.

11. CONCESSIONS TO THE DEMANDS OF THE COMMERCIAL AND
INDUSTRIAL SECTORS. THE FIRST MAJOR MOVE IN THE ECONOMIC
FIELD WAS MINISTER OF NATURAL RESOURCES LUIS SALAZAR'S
SPEECH OF JULY 17 THAT COMMITTED THE RODRIGUEZ GOVERNMENT
TO OFFER NEW INCENTIVES FOR PETROLEUM EXPLORATION (REF B).
THIS WAS FOLLOWED BY A PUBLISHED LENGTHY DEFENSE OF THE
GOE'S LOWERING OF PETROLEUM PRICES, INCLUDING HARSH
CRITICISMS OF PREVIOUS POLICIES UNDER THE FORMER MINISTER,
GUSTAVO JARRIN (REF C). ECUADOREAN BUSINESSMEN, WHO WERE
BECOMING INCREASINGLY CONCERNED ABOUT THE ECONOMIC
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SITUATION AND FOREIGN INVESTMENT IN PARTICULAR, WERE PREDICTABLY PLEASED.

12. NEXT CAME THE ANNOUNCEMENT ON AUGUST 6 OF THE REPLACEMENT OF PEDRO AGUAYO CUBILLO AS THE NATIONAL DIRECTOR OF PLANNING. UNDER AGUAYO A NUMBER OF LEFTIST-ORIENTED ECONOMISTS AND TECHNICIANS HAD TAKEN THE LEAD IN NATIONAL PLANNING AND WERE CONSIDERED TO HAVE CREATED FOR THEMSELVES A DOCTRINAIRE, MALEVOLENT ROLE AFFECTING ALL AREAS OF THE ECONOMY AND SOCIETY. THE APPOINTMENT OF JORGE FERNANDEZ SALAZAR, A MODERATE WITH A TRACK RECORD MORE TO THE LIKING OF THE BUSINESS COMMUNITY, HAS BEEN REGARDED AS A MOVE IN THE RIGHT DIRECTION. FERNANDEZ, REPORTEDLY REPLYING TO A QUESTION WHEN HE FORMALLY TOOK POSSESSION OF HIS NEW OFFICE, SAID HE BELIEVED THE COUNTRY HAD RELIED TOO MUCH ON THEORY AND PLANS RATHER THAN ON PRAGMATICALLY DEALING WITH SPECIFIC PROBLEMS.

13. THE RESIGNATION OF MINISTER OF COMMERCE AND INDUSTRY ALEJANDRO RUBIO, THE ANNOUNCEMENT AND SUBSEQUENT WITHDRAWAL OF CESAR ROBALINO "FOR REASONS OF BUSINESS", AND FINALLY THE DESIGNATION ON AUGUST 14 OF DANILO CARRERA ARE BEING INTERPRETED AS HAVING OCCURRED BECAUSE OF OPPOSITION OF THE INDUSTRIAL AND COMMERCIAL SECTOR. THE APPOINTMENT OF CARRERA FOLLOWED WAVE OF CRITICISMS FROM THE PRIVATE SECTOR REGARDING DECISION 24, THE INDUSTRIAL COMPLEMENTATION PROCEEDING FROM THE ANDEAN PACT, AND DISCONTENT MENTIONED ABOVE OVER THE ECONOMY. ON TAKING OFFICE THE NEW MINISTER PLEDGED TO MAINTAIN AN OPEN-DOOR MINISTRY IN DIALOGUE WITH THE PRIVATE SECTOR AND TO WORK FOR THE BENEFIT OF THE INDUSTRIAL AND COMMERCIAL SECTORS (REF D).

14. THE GOE'S NEW APPOINTMENTS AT LOWER LEVELS ALSO SEEM TO REFLECT AN EFFORT OF THE GOVERNMENT TO MEET THE NEEDS OF THE PRIVATE SECTOR. THE NEW UNDERSECRETARY OF FINANCE, COL. GRIBALDO ALFONSO NINO TAPEA, MADE A POINT OF EXPRESSING RATHER FULSOMELY TO EMBASSY OFFICERS HIS FREE ENTERPRISE ORIENTATION AND THE HIGH REGARD IN WHICH HE HOLDS THE U.S.

15. SPEECHES TO QUIET CONCERNS ABOUT POLITICAL TENDENCIES OF RODRIGUEZ GOVERNMENT. A SECOND RESPONSE WAS AN EVIDENT CONFIDENTIAL

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EFFORT OF PRESIDENT RODRIGUEZ IN SEVERAL SPEECHES TO REASSURE THE PUBLIC AND TO QUIET ANXIETIES ABOUT INTENTIONS OF HIS MILITARY REGIME. THE GENERAL'S REMARKS CONTAINED THEIR USUAL REFERENCES TO THE INEFFECTIVENESS AND CORRUPTION OF PAST POLITICAL INSTITUTIONS AND TO THE UNITY AND

COMMITMENT OF THE ARMED FORCES TO BRING NATIONAL DIGNITY AND DEVELOPMENT, BUT HAD AN ADDED ELEMENT. SPEAKING AT THE INAUGURATION OF THE NATIONAL MUSEUM OF PLASTIC ARTS ON AUGUST 8, GENERAL RODRIGUEZ STRESSED THE GOAL OF HIS GOVERNMENT TO ELIMINATE DIFFERENCES OF VIEWS BETWEEN MILITARY AND CIVILIANS.

16. THE FOLLOWING DAY, ADDRESSING THE GRADUATES OF ELOY ALFARO ACADEMY (ECUADOR'S WEST POINT), GENERAL RODRIGUEZ DENIED THE INTENT OF THE ECUADOREAN MILITARY TO CREATE A MILITARY STATE OR TO PERPETUATE ITSELF AS A RULING GROUP. HE DECLARED THAT THE ECUADOREAN ARMED FORCES WERE LEADING IN A STAGE TO RECOVER TRULY EFFECTIVE DEMOCRACY; AND SAID THE MILITARY HAD ASSUMED POWER, IN RESPONSE TO THE UNANIMOUS DEMAND OF THE PEOPLE, IN ORDER TO CREATE THE NECESSARY FOUNDATIONS FOR DEMOCRACY.

17. FINALLY, ON AUGUST 10, SPEAKING AT THE 166TH ANNIVERSARY OF QUITO'S UPRISING AGAINST THE SPANISH COLONIAL OFFICIALS, THE PRESIDENT STATED THAT THE MILITARY'S GOAL IS THE ESTABLISHMENT OF HARMONY AND PEACE, DISCIPLINED AND EFFECTIVE INSTITUTIONS, AND FREEDOM OF EXPRESSION AND DIALOGUE. HE DENIED CATEGORICALLY THAT THE MILITARY IS REPRESSIVE OR DESIRES TO OPPRESS ANYONE.

18. ANALYSIS AND COMMENT: THE SIGNIFICANCE OF THE SHIFT RIGHT TOWARDS THE CENTER. AFTER THREE YEARS OF LIP SERVICE TO REVOLUTIONARY GOALS, HALF-HEARTED MEASURES

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DIRECTED AT INTERNAL REFORM, AND ADHERENCE TO A STRONGLY NATIONALISTIC LINE IN FOREIGN AFFAIRS, THE RODRIGUEZ MILITARY GOVERNMENT -- FOLLOWING A SET-BACK IN THE ECONOMY, LISTENING TO COMPLAINTS FROM THE COMMERCIAL AND INDUSTRIAL SECTORS, AND HEEDING CRITICISMS FROM THE PRESS AND DISCREDITED POLITICAL PARTIES -- SEEMS FOR THE TIME BEING TO BE SWINGING RIGHT TO THE CENTER OF THE POLITICAL AND ECONOMIC SPECTRU.

19. SIGNIFICANCE FOR THE ECONOMIC SCENE. WE SEE GROUNDS FOR ENCOURAGEMENT FROM THE APPARENT SHIFT IN THAT THE GOE WILL CONTINUE TO SHUN FOR THE TIME-BEING THE PERUVIAN MODEL IN ITS ECONOMIC POLICIES. THIS IS PARTICULARLY IMPORTANT WITH REGARD TO THE TREATMENT OF ECUADOR'S PRIVATE SECTOR AND FOREIGN PRIVATE INVESTORS. ECUADOR'S RECENT ECONOMIC REVERSES APPEAR TO HAVE HAD A SOBERING EFFECT ON THE GOE, WHICH HAS ALREADY EXPLICITLY REPUDIATED SOME OF THE HARSHER ASPECTS OF ITS FORMER POLICIES TOWARDS FOREIGN OIL-EXPLORATION COMPANIES, AND HAS IN EFFECT COMMITTED ITSELF TO SOME LIBERALIZATION OF ITS TREATMENT OF DOMESTIC AND FOREIGN ENTREPRENEURS.

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20. THERE IS, HERE AS WELL AS ELSEWHERE, A GREAT GAP BETWEEN A GOVERNMENT'S PRONOUNCEMENTS AND INTENTIONS AND ITS CAPACITY TO CARRY THEM OUT EFFECTIVELY. NONETHELESS, WE ARE HOPEFUL THAT APPOINTMENTS OF LESS DOCTRINAIRE OFFICIALS TO KEY ECONOMIC POLICY MAKING POSITIONS WITHIN THE GOE BODES WELL, OR AT LEAST BETTER, FOR MORE FAVORABLE TREATMENT OF TEXACO-GULF AND OTHER ACTUAL OR PROSPECTIVE FOREIGN INVESTORS. WHETHER THE NEW ATMOSPHERE WILL PERMIT SOME KIND OF SETTLEMENT OF THE ADA CASE REMAINS TO BE SEEN.

21. SIGNIFICANCE FOR THE INTERNAL POLITICAL SCENE. THE POLITICAL ACTIONS THE GOVERNMENT HAS TAKEN SINCE ASSUMING POWER HAVE FOR THE MOST PART BEEN RATHER MODERATE IN COMPARISON WITH THE MILITARY DICTATORSHIPS OF EITHER PERU OR CHILE. THE GOVERNMENT HAS BEEN NEITHER REVOLUTIONARY OR REACTIONARY. THE RODRIGUEZ LARA MILITARY GOVERNMENT HAS ALLOWED CONSIDERABLE LIBERTY AND WOULD BE VIEWED BY ONLY A SMALL PERCENT OF THE CITIZENRY AS OPPRESSIVE. THE VERY FACT THAT EDITORS AND COLUMNISTS HAVE BEEN ABLE TO CRITICIZE THE GOVERNMENT SO FREELY DURING THE PAST THREE YEARS, THE GOVERNMENT'S

PERMITTING THE RETURN OF JULIO PRADO AND FREEING OF JULIO CESAR TRUJILLO, AND THE RESPONSIVENESS OF THE GOVERNMENT TO PUBLIC CRITICISM BEAR TESTIMONY TO THIS.

22. THE EMBASSY'S ASSESSMENT IS THAT THE PRESENT BASIC ORIENTATION OF CURRENT ECUADOREAN MILITARY LEADERS IS TOWARD AN OPEN, CONSTITUTIONAL AND EVENTUALLY A DEMOCRATIC SOCIETY, AND THAT THIS CURRENTLY IS AN EVENTUAL GOAL. THEY HAVE AS YET, HOWEVER, SET NO SCHEDULE FOR ELECTIONS AND MAY BELIEVE THAT THE MILITARY WILL HAVE TO EXERCISE POWER FOR A CONSIDERABLE TIME IN ORDER TO CREATE WHAT THEY VAGUELY CONCEIVE AS THE NECESSARY FOUNDATIONS FOR EFFECTIVE DEMOCRACY IN ECUADOR.

23. THERE ARE SURELY ELEMENTS WITHIN THE ECUADOREAN ARMED FORCES THAT ARE IMPATIENT WITH THE PACE OF STRUCTURAL CHANGE AND ARE ENTICED BY THE PERUVIAN MODEL. WE DO NOT BELIEVE THESE ARE STRONG OR NUMEROUS, AT LEAST AT THE PRESENT.

24. THE RECENT ACTIONS AND PRONOUNCEMENTS OF THE MILITARY
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GOVERNMENT DESCRIBED ABOVE SHOULD NOT BE INTERPRETED AS A WEAKENING OF THE MILITARY GOVERNMENT NOR AS SUGGESTING THERE ARE CIVILIAN ELEMENTS WITHIN THE POLITY THAT NOW CONSTITUTE A THREAT TO THE MILITARY'S CONTINUING RULE. NEITHER SHOULD THEY BE REGARDED AS EVIDENCE THAT THE ECUADOREAN MILITARY IS FIRMLY SET ON A COURSE TO RETURN THE COUNTRY EVENTUALLY TO CONSTITUTIONAL, CIVILIAN, DEMOCRATIC GOVERNMENT RATHER THAN FOLLOWING SOMETHING MORE LIKE THE PERUVIAN MODEL. WE BELIEVE, IN FACT, THAT THE NEXT COUPLE OF YEARS WILL BE CRUCIAL IN DETERMINING WHAT PATH ECUADOREAN MILITARY LEADERS WILL FOLLOW.

25. THE RECENT ACTIONS AND PRONOUNCEMENTS OF PRESIDENT RODRIGUEZ LARA HAVE BEEN APPLAUDED BOTH PRIVATELY AND IN NEWSPAPER EDITORIALS AND COLUMNS. THERE IS THE POSSIBILITY THAT HIS REMARKS WILL SERVE ONLY TO WHET THE APPETITES OF NEWSPAPER CRITICS AND NOW DORMANT BUT ASPIRING POLITICIANS, ESPECIALLY IF THE ECONOMIC SCENE DOES NOT IMPROVE. EVEN SHOULD THE UNEASINESS OF THE PUBLIC CONTINUE AND DISSENT GROW, IT IS DIFFICULT TO ENVISION ANY GROUP OUTSIDE OF THE MILITARY DEPOSING THE CURRENT GOVERNMENT, AND THERE IS LITTLE EVIDENCE OF SUFFICIENT DISCONTENT WITH ANY SECTOR OF THE ARMED FORCES TO BRING ABOUT A DRASTIC CHANGE WITHIN THE MILITARY ESTABLISHMENT IN THE VERY IMMEDIATE FUTURE.

26. SIGNIFICANCE FOR FOREIGN POLICY. ASIDE FROM THE

IMPROVEMENT OF THE INVESTMENT CLIMATE AND HOPEFULLY
THE OPERATIONAL ENVIRONMENT OF U.S. COMPANIES IN ECUADOR,
THESE DOMESTIC ADJUSTMENTS DO NOT SIGNAL GREAT OR RAPID
CHANGES IN ECUADOREAN FOREIGN POLICIES OF IMMEDIATE INTEREST
TO THE U.S. THEY MAY PERMIT, HOWEVER, MORE LATITUDE
WITHIN THE GOE FOR CONSIDERATION OF THE VALUE TO ECUADOR
OF MAINTAINING A RIGID POSITION ON A 200-MILE TERRITORIAL
SEA (REF G), OF COMPLYING FULLY IN ALL OPEC DECISIONS,
AND OF TAKING EXTREME THIRD WORLD POSITIONS AS THEY RELATE
TO THE "NEW ECONOMIC ORDER."

27. OUR CONCERN SHOULD NOW BE TO ENCOURAGE ECUADOR IN THE
DIRECTION SHE IS CURRENTLY HEADING WITH RESPECT TO INTERNAL
POLITICAL AND ECONOMIC POLICY, AND TO PREVENT ECUADOR FROM
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BEING ENTICED OR PUSHED INTO A MORE EXTREME THIRD WORLD
POSITION. THE LATTER COULD RESULT FROM A BELIEF THAT THE
US HAD BECOME UNJUST, UNREASONABLE OR UNCARING WITH RESPECT
TO ECUADOREAN JUST ACTIONS AND THAT ECUADOR NEEDED GREATER
THIRD WORLD AND PERHAPS COMMUNIST NATION SUPPORT TO
SUSTAIN WHAT IT PERCEIVES AS A CORRECT FOREIGN POLICY
POSTURE.
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Message Attributes

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Disposition Date: 28 MAY 2004
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Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750292-0153
From: QUITO
Handling Restrictions: n/a
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Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: THE GOE MOVES RIGHT TOWARD THE CENTER AS PRESIDENT RODRIGUEZ LARA SEEKS TO REASSURE THE PUBLIC SECTOR AND TO DISPEL
TAGS: PINT, PFOR, PDEV, MILI, EC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006